

## 1.7 USE OF NETWORK SERVICES FOR NONREGULATED ACTIVITIES

The FCC Part 64 Rules and Regulations require that shared investment (Central Office Equipment and Outside Plant) not covered under tariffed rates be apportioned to nonregulated activities on the basis of the peak projected nonregulated usage of the investment over a three year forecast period. Currently, the Company's nonregulated activities use dedicated nonregulated network investment and are charged at tariffed rates for interconnection to the regulated network facilities.

## 1.8 REVENUES

Revenues from regulated services and nonregulated activities are directly identified by account in the Company's Part 32 system of accounts using unique Universal Service Order Codes (USOCs) and service rate elements, Carrier Access Billing System (CABS) Journal Account Codes, billing and collection service statements and miscellaneous bills.

**IF NONREGULATED  
ACTIVITIES**

**The Southern New England Telephone Company  
Cost Allocation Manual**

**SECTION II**

**NONREGULATED ACTIVITIES INFORMATION**

## NONREGULATED ACTIVITIES INFORMATION

### 2.1 OVERVIEW

This section identifies and describes the Company's nonregulated activities. At this time the Company does not offer any nonregulated activities. This section will be revised as necessary to reflect nonregulated activities offered in the future.

### III INCIDENTAL ACTIVITIES

**The Southern New England Telephone Company  
Cost Allocation Manual**

**SECTION III**

**INCIDENTAL ACTIVITIES**

## INCIDENTAL ACTIVITIES

### 3.1 OVERVIEW

This Section identifies and describes nontariffed activities offered incidental to the Company's tariffed services. Activities performed under federal or state tariffs are not considered incidental. Activities provided to or from affiliates are accounted for according to the rules for affiliate transactions as described in Section V of this Manual and are excluded from incidental revenues.

### 3.2 GUIDELINES AND LIMITS

Incidental treatment is accorded these activities under the following qualitative guidelines and quantitative limit:

The activity is not a line of business. No business or marketing plans exist for the activity and the Company does not actively solicit customers. Minimal incremental commitment of resources or investment is made to the activity.

The activity has traditionally been treated as incidental for ratemaking purposes. Financial or other risk to the regulated operation is negligible.

The activity is an outgrowth of regulated operations.

The aggregate revenues derived from incidental activities is less than one percent of the Company's total regulated and nonregulated revenues

### 3.3 DESCRIPTION OF INCIDENTAL ACTIVITIES

#### Billing and Collecting Services

The Company provides billing and collecting services for cable and radio messages transmitted by others. The Company also receives revenue from calling card and third party billing

This activity is an outgrowth of regulated operations and has traditionally been treated as regulated for ratemaking purposes. This activity is not pursued as a separate line of business and requires minimal incremental resources.

#### Custom Work

Revenue is realized from custom work (plant construction) performed for third parties incidental to the Company's regulated telecommunications operations. This includes revenue from nontariffed construction activities (including associated engineering and design) which are similar in nature to those activities performed by the Company in constructing its own telecommunications plant facilities.

This activity is an outgrowth of regulated operations and has traditionally been treated as regulated for ratemaking purposes. This activity is not pursued as a separate line of business and requires minimal incremental resources.

#### Surplus Space

Space in buildings and other space originally acquired to meet the needs of the Company's regulated operations may become available as surplus for rental to third parties.

This activity is an outgrowth of regulated operations and has traditionally been treated as regulated for ratemaking purposes. This activity is not pursued as a separate line of business and requires minimal incremental resources.

### 3.4 COMPLIANCE WITH QUANTITATIVE LIMIT

In the aggregate, revenues from incidental activities as described in Section 3.3 do not exceed one percent of the Company's total regulated and nonregulated revenues



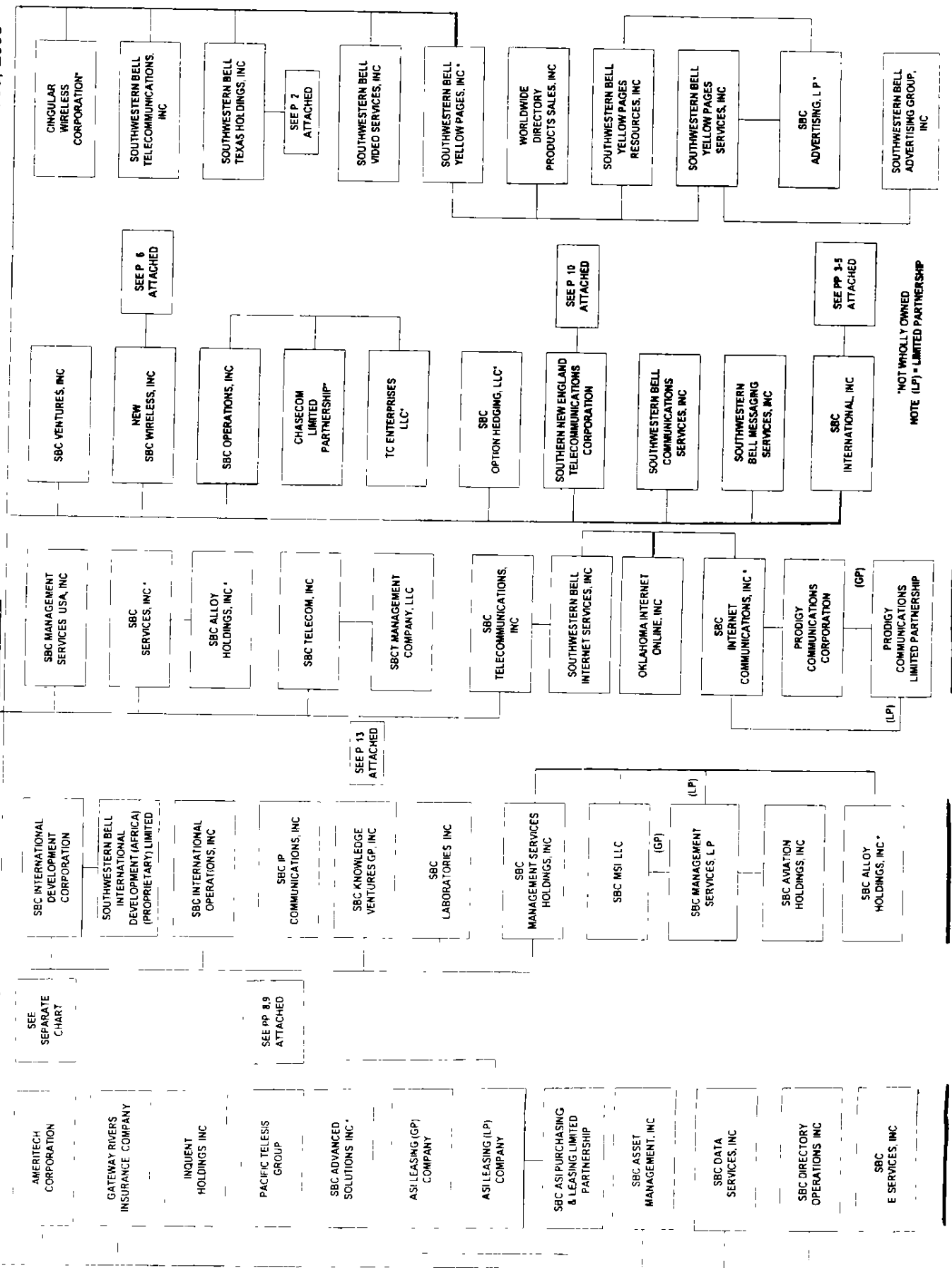
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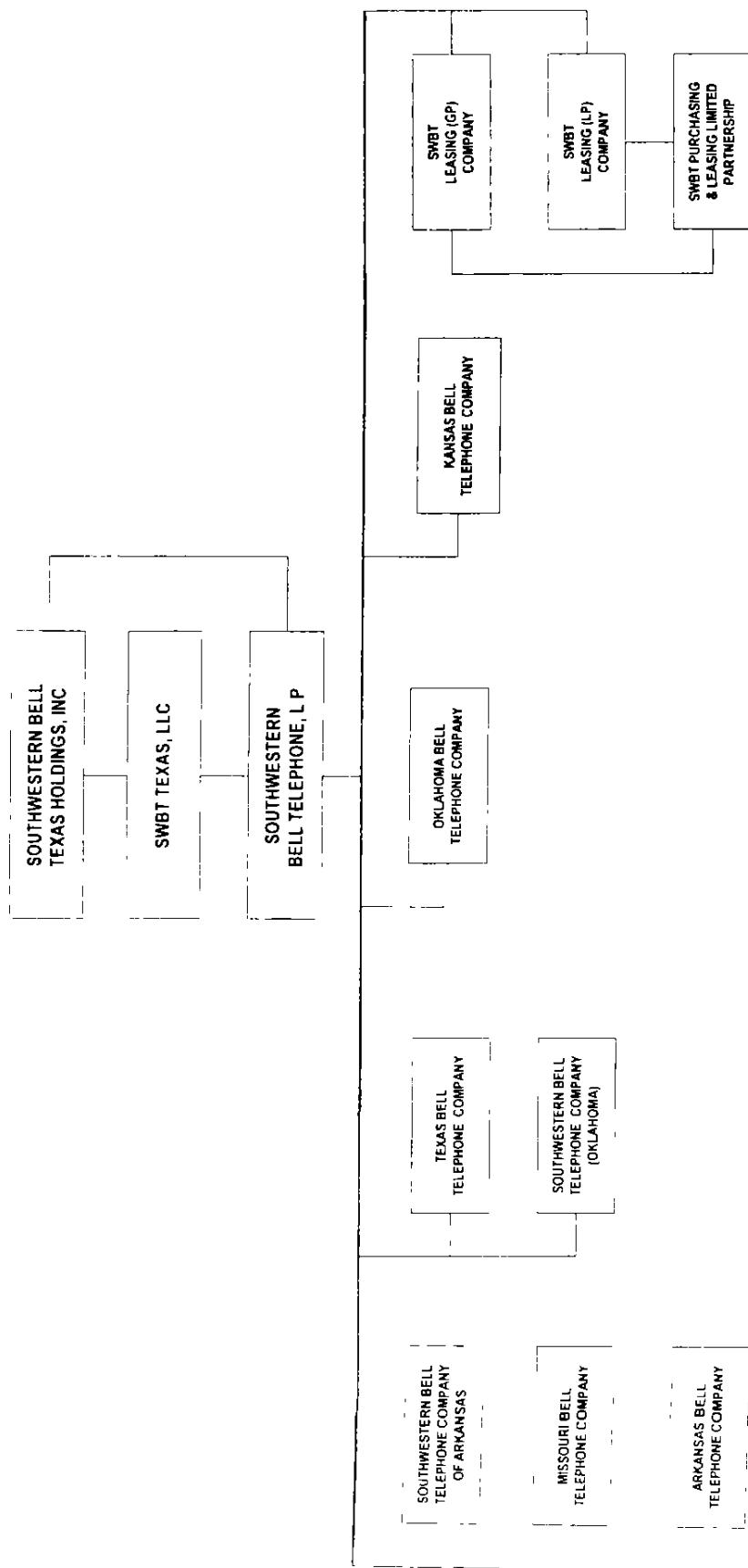
SECTION IV

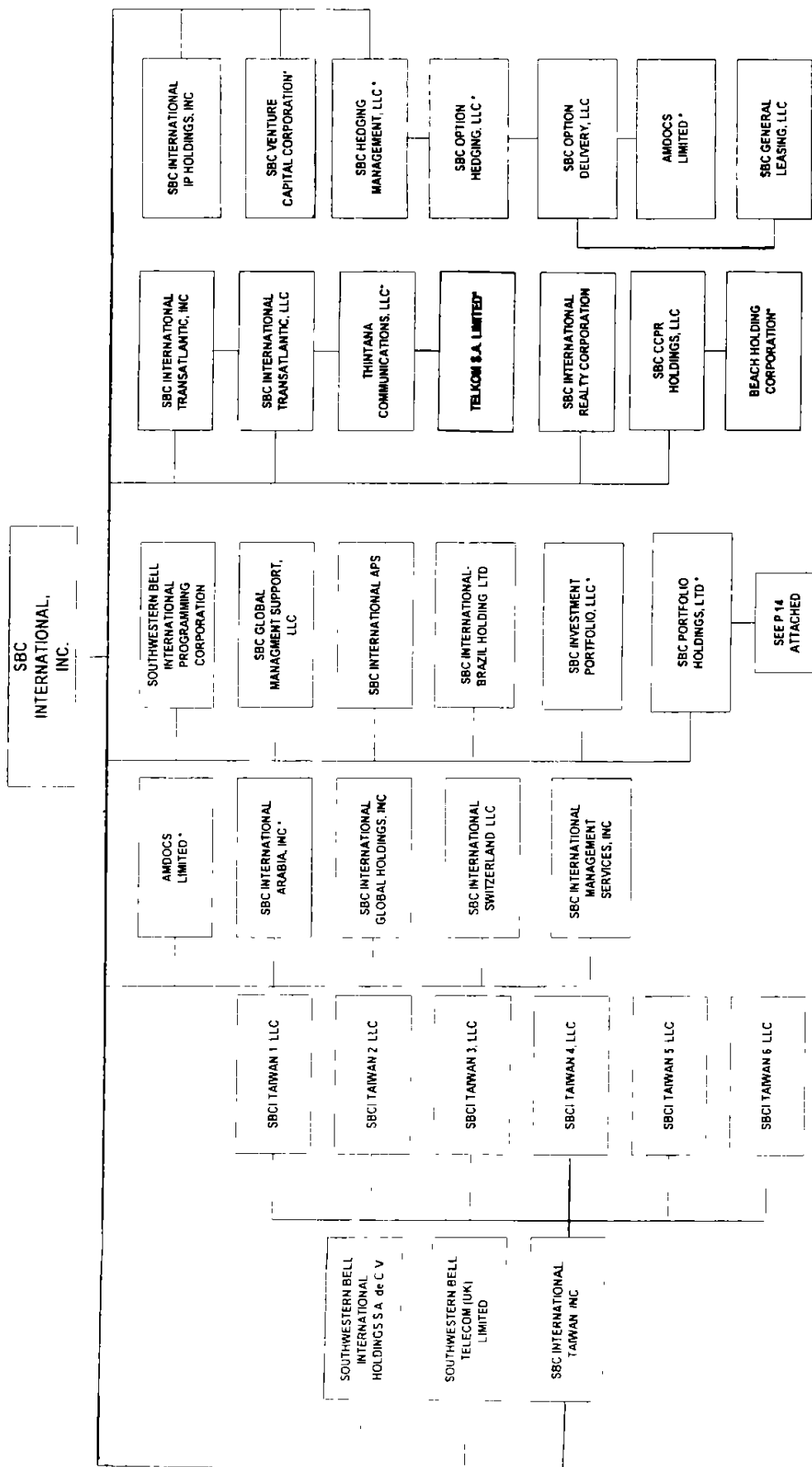
CHART OF CORPORATE AFFILIATES

# CHART OF AFFILIATES

AS OF SEPTEMBER 30, 2003

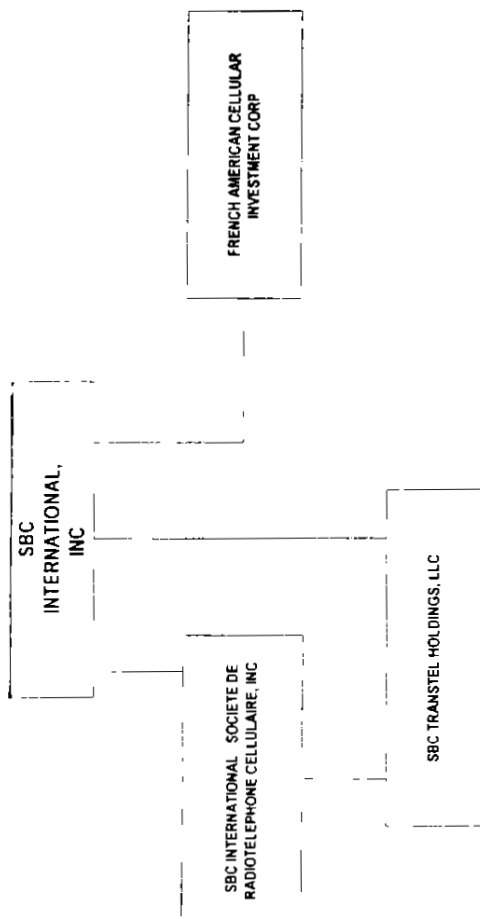


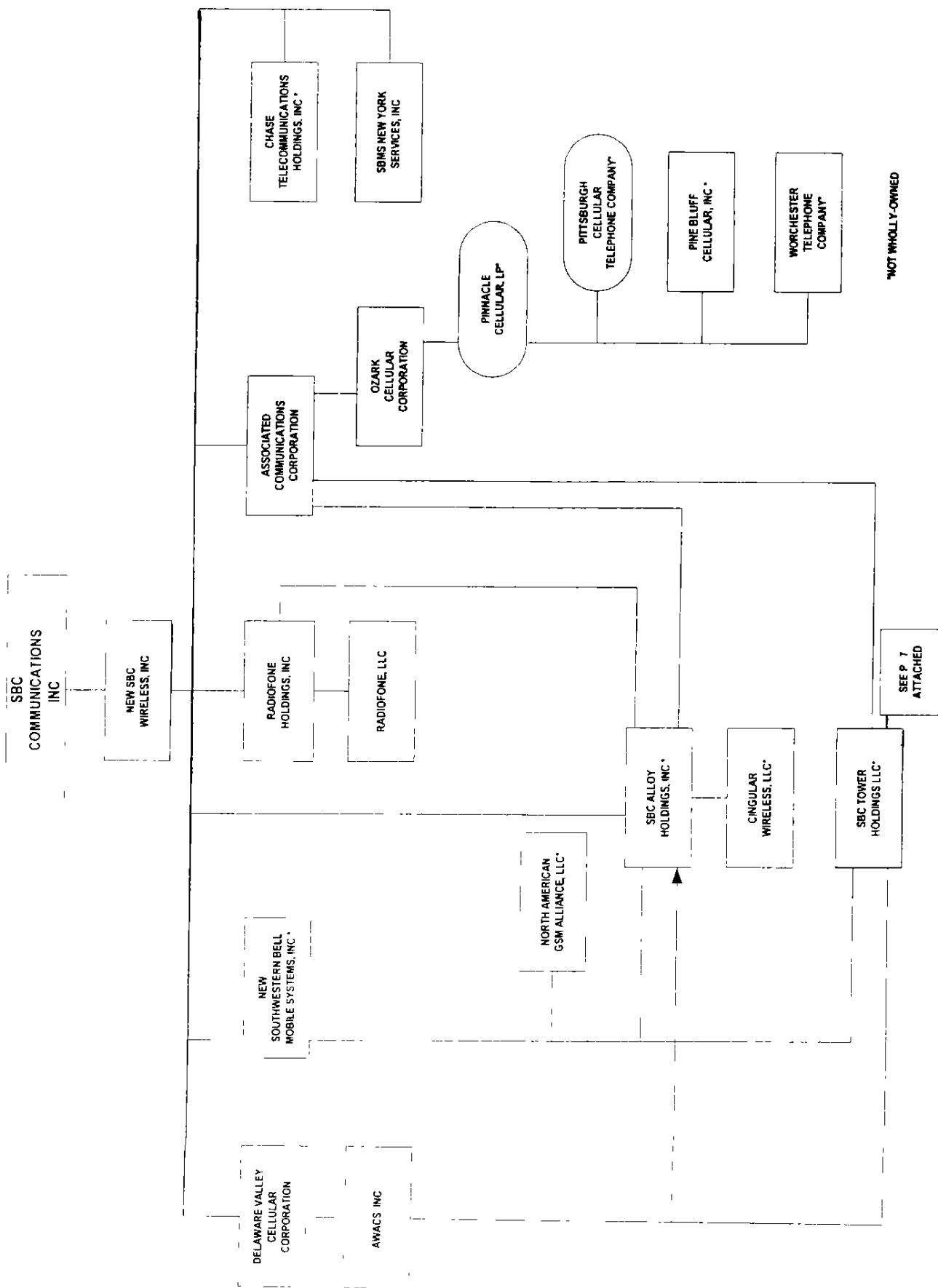


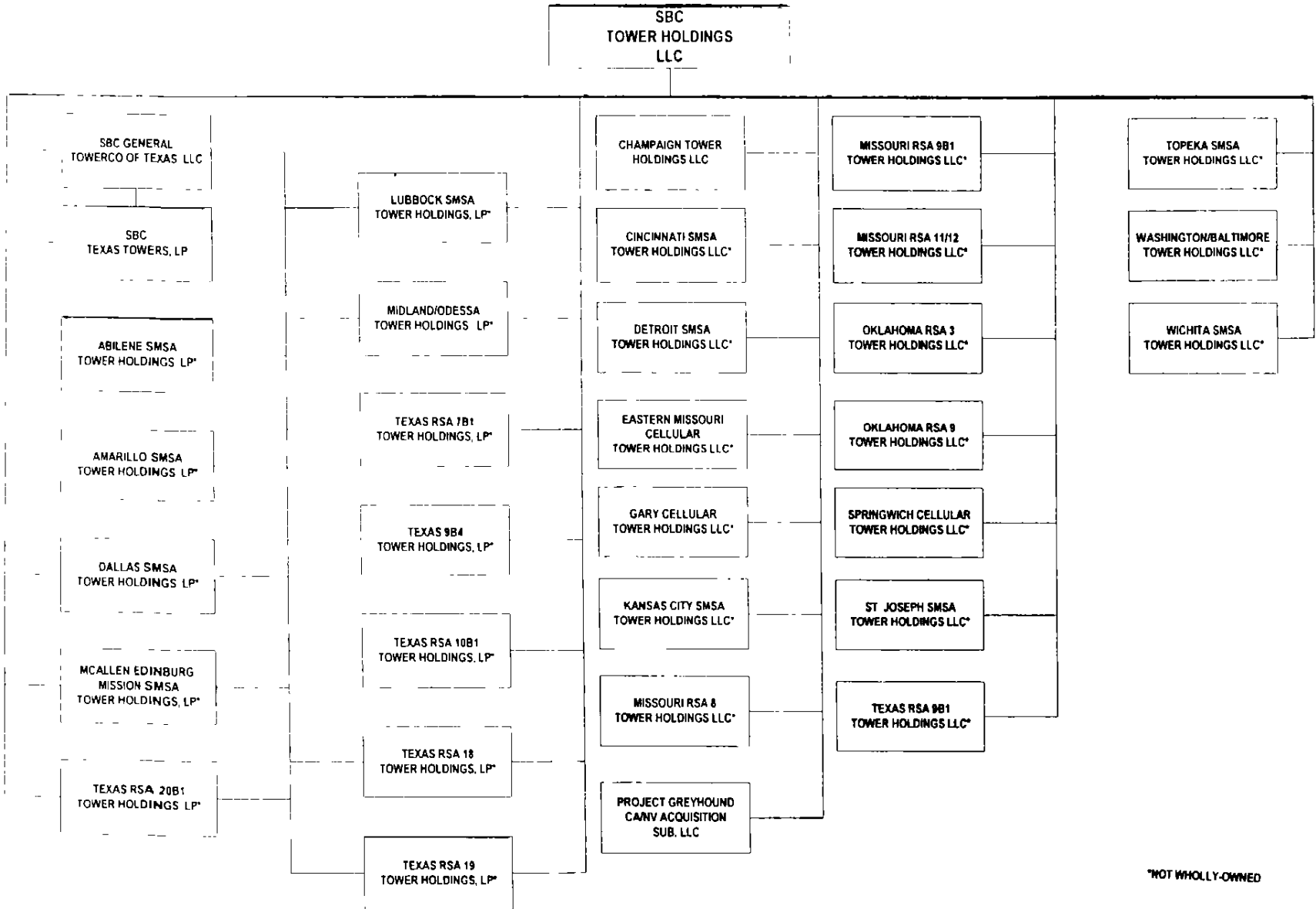


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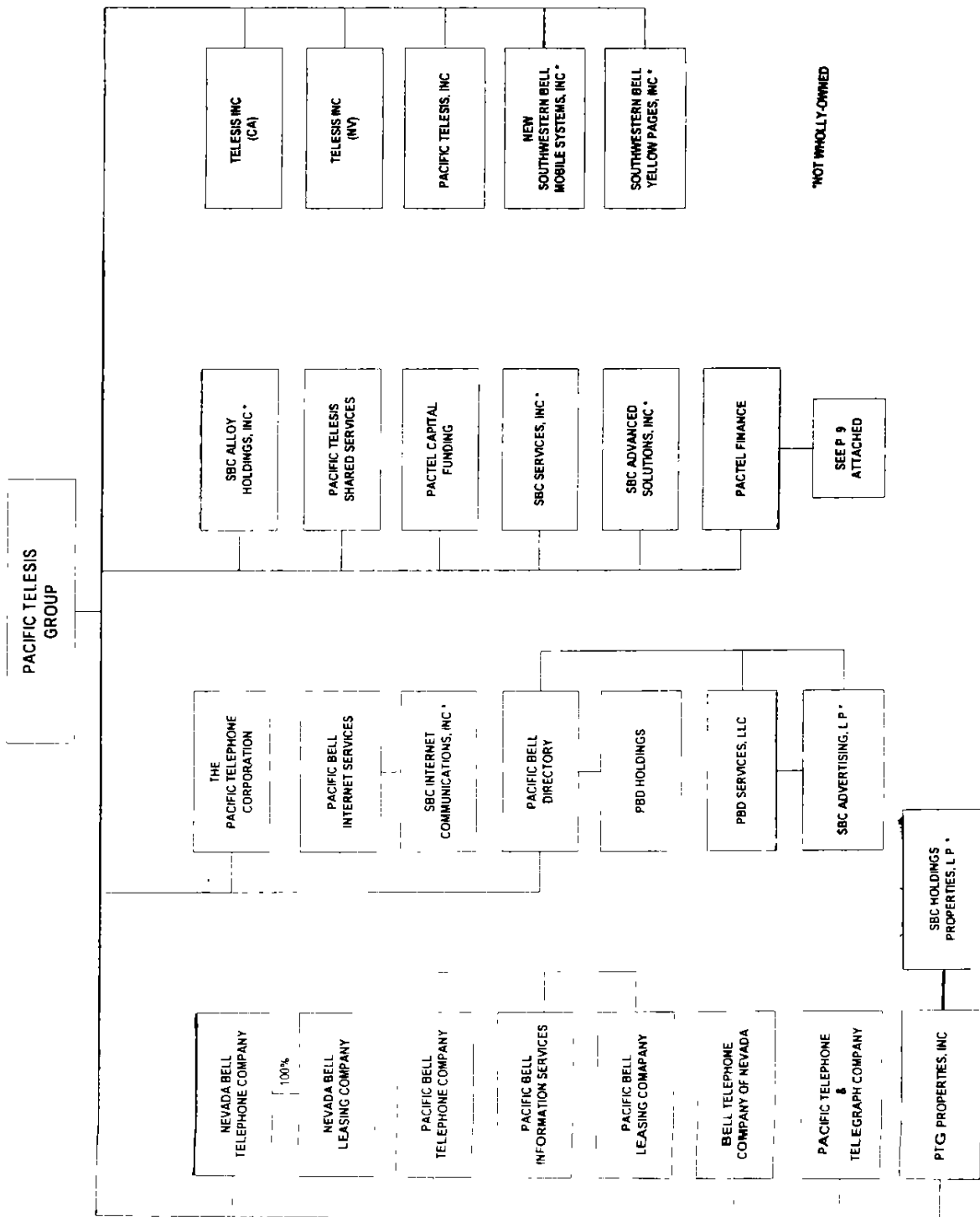




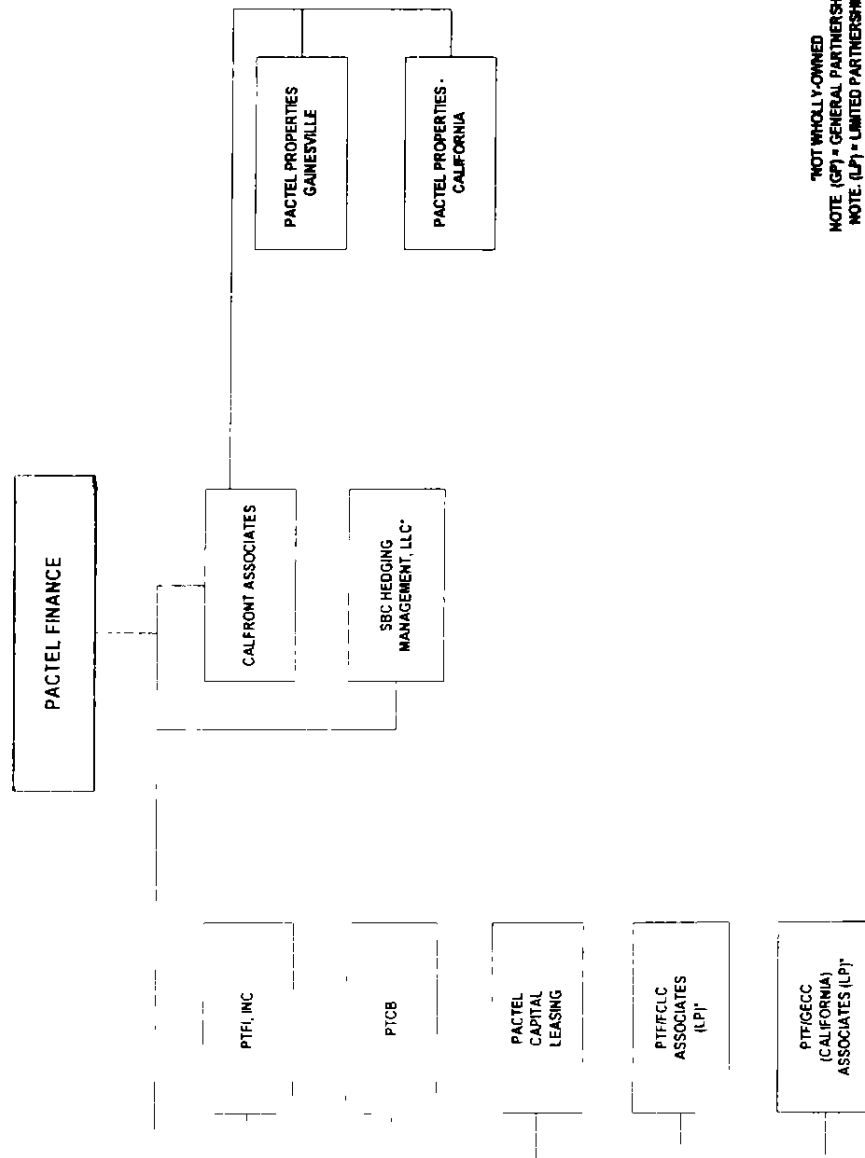




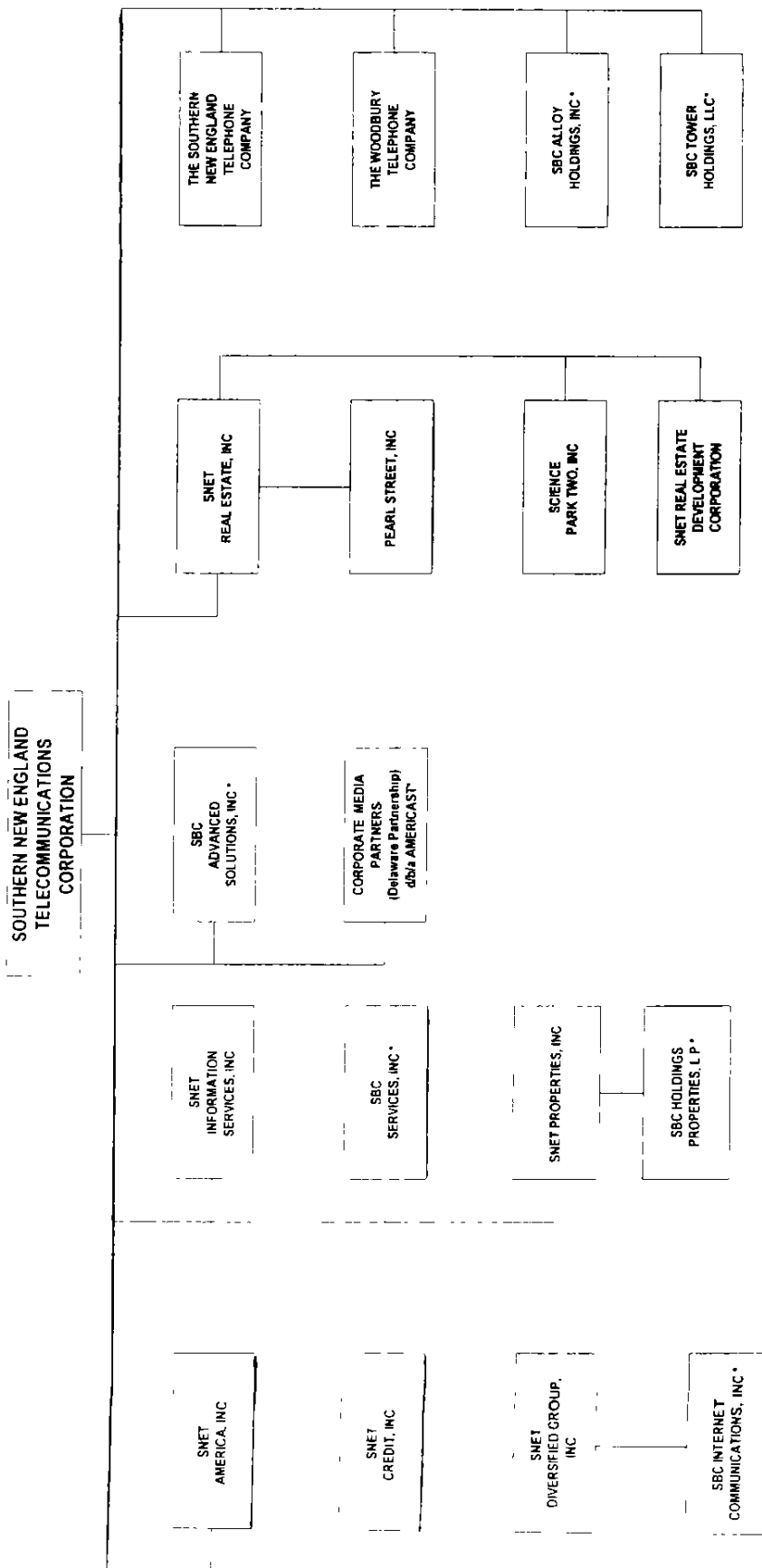
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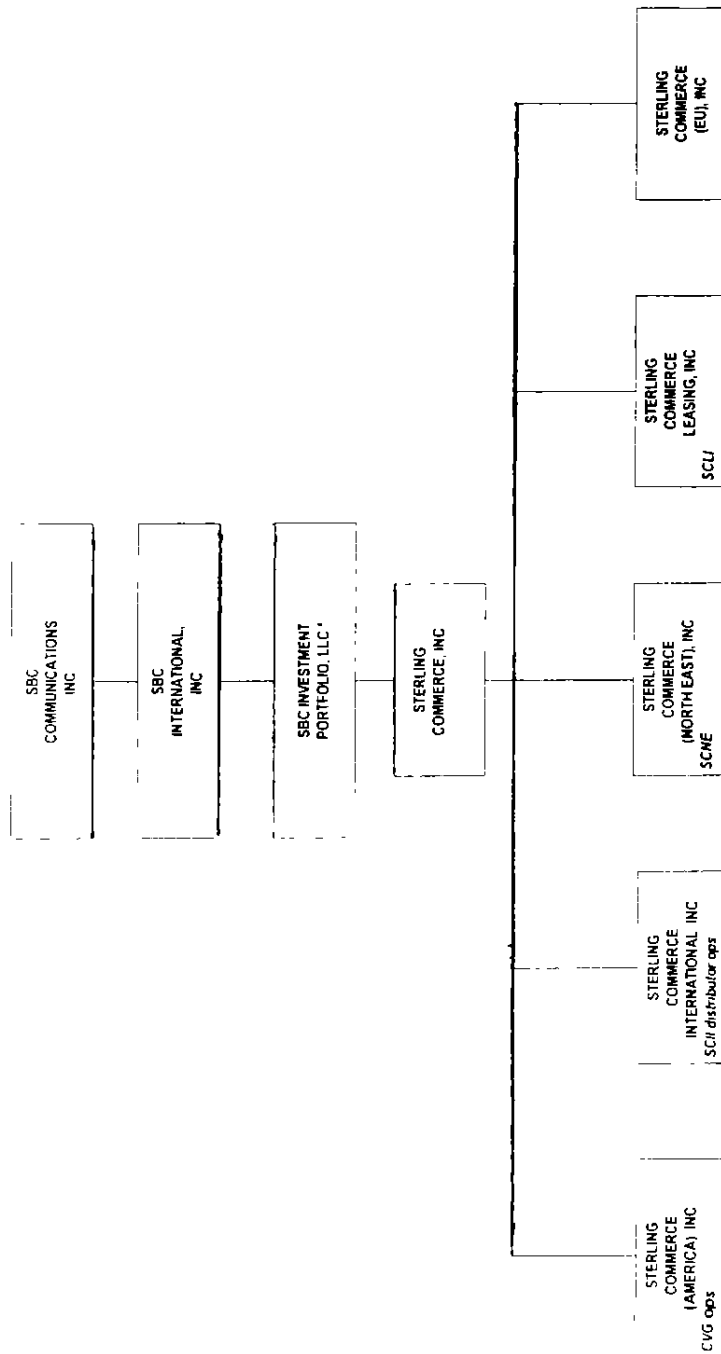
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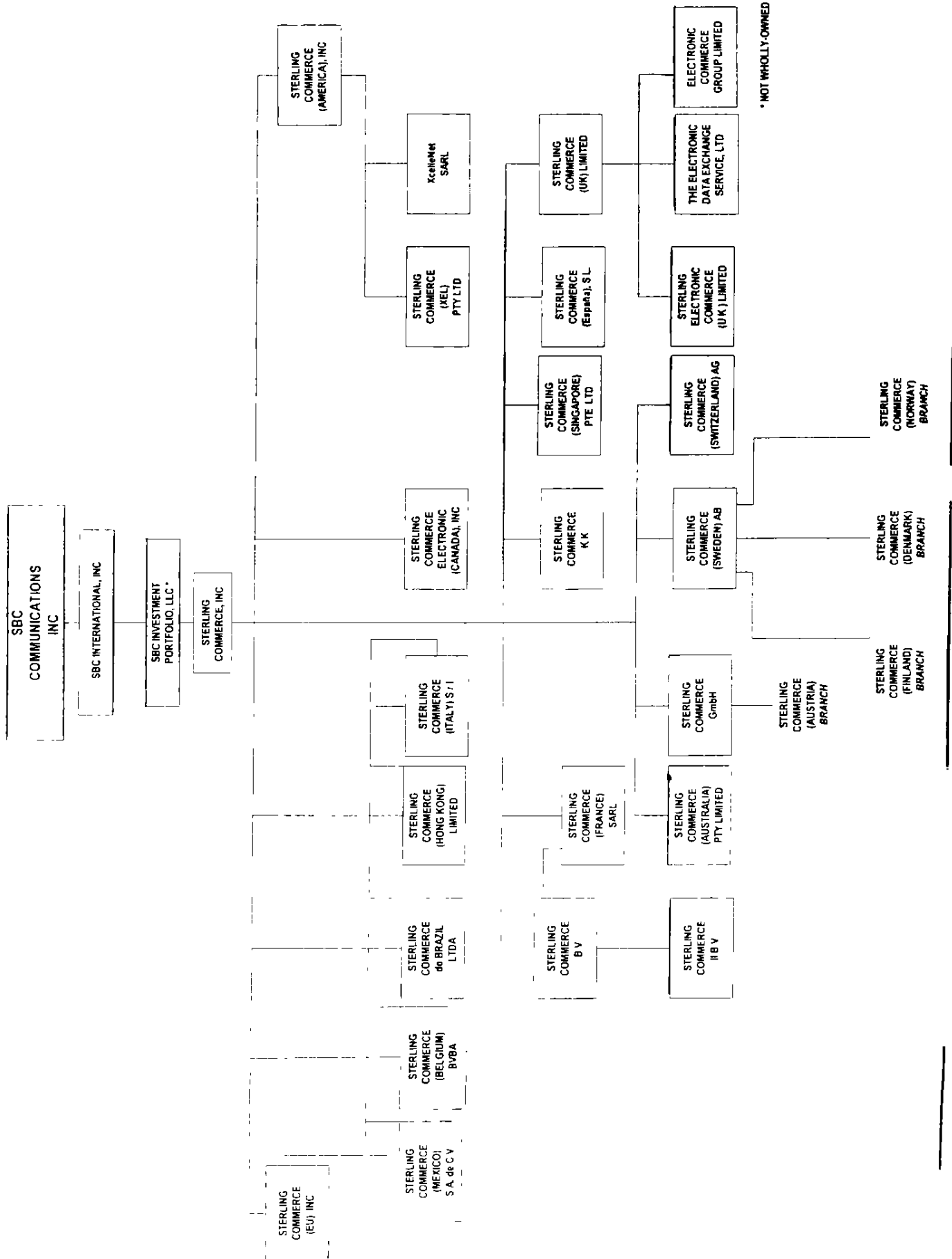
\*NOT WHOLLY OWNED  
 NOTE (GP) = GENERAL PARTNERSHIP  
 NOTE (LP) = LIMITED PARTNERSHIP



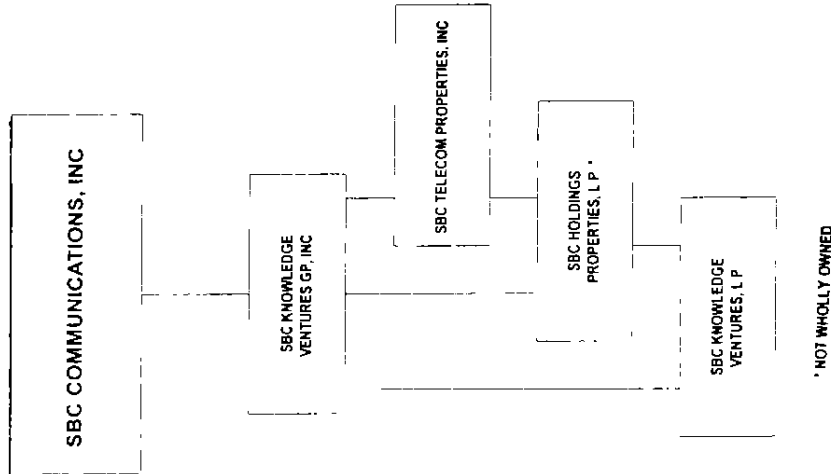
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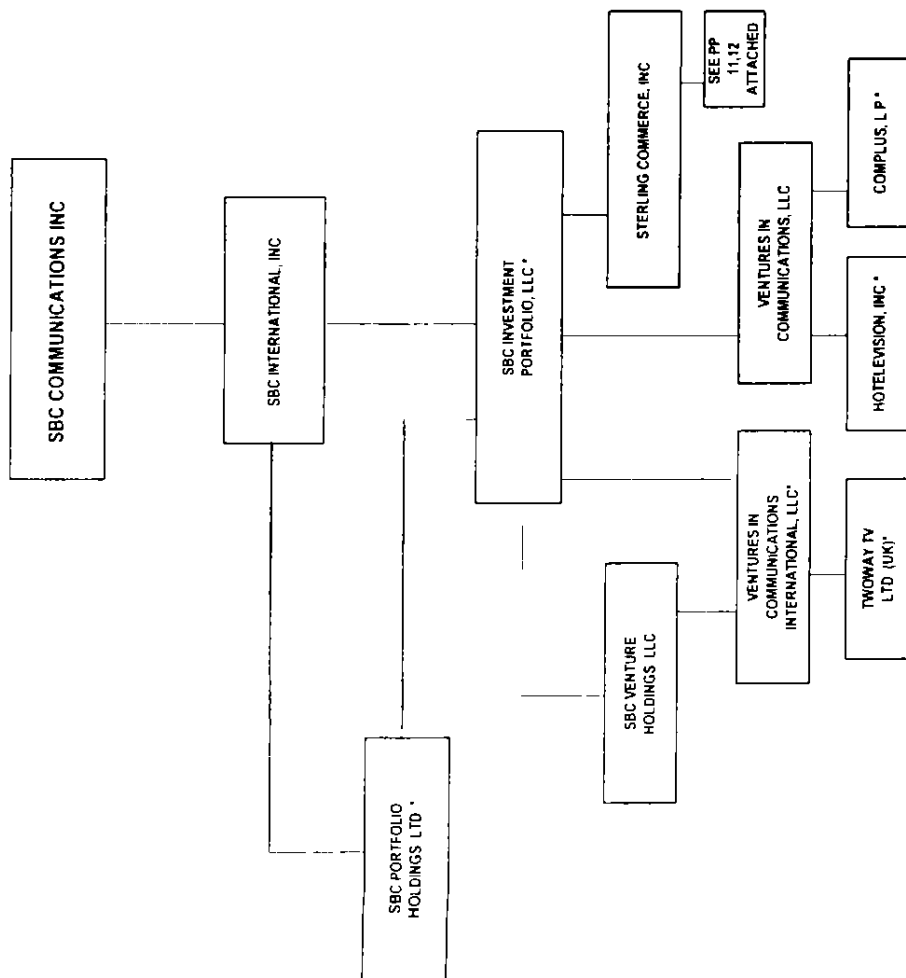
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